

Info Capsule

FM: INCOME TAX DEPARTMENT TAKES VARIOUS INITIATIVES TO BRING ABOUT EFFICIENCY, TRANSPARENCY, AND FAIRNESS IN TAX ADMINISTRATION¹

Government Is Committed To Widen The Tax Base By Encouraging And Incentivizing The New Tax Payers; Number Of Tax Payers Increased Significantly From 4.72 Crore In Financial Year 2012-13 To 6.26 Crore During The Financial Year 2016-17; Direct Tax Revenue Collections Up To September 18, 2017 In The Current Financial Year 2017-18 rose to Rs. 3.7 lakh crore with a growth of 15.7%.

The Union Minister for Finance and Corporate Affairs Shri Arun Jaitley said that Income Tax Department of the Ministry of Finance has taken various initiatives in the last 2-3 years in order to bring about efficiency, transparency and fairness in tax administration. Highlighting the initiatives, the Finance Minister said that a Single Page ITR-1 (SAHAJ) Form was introduced for tax payers having income up to Rs. 50 lakhs. Rate of tax for individuals having income of Rs. 2.5 lakhs to Rs.5 lakhs was reduced from 10% to 5%, which is one among the lowest in the world, the Finance Minister added. The Finance Minister Shri Jaitley further said that the concept of 'no scrutiny' was introduced for the First Time Non-Business Tax Payers having income up to Rs. 5 lakhs so that more and more people are encouraged to join the tax net and file their IT returns and pay the due amount of taxes. The Finance Minister Shri Arun Jaitley was addressing the Second Meeting of the Consultative Committee attached to the Ministry of Finance on the subject of "Initiatives of IT Department" in the national capital.

Highlighting the other initiatives of the income Tax Department, the Finance Minister Shri Arun Jaitley said that corporate tax was reduced to 25% for companies with turn-over up to Rs. 50 crore thereby covering almost 96% of the companies. The new manufacturing companies incorporated on or after 1st March 2016 were given an option to be taxed at 25% without any deduction. The MAT credit was allowed to be carry forward up to 15 years instead of 10 years as part of procedural reforms, the Finance Minister added.

Highlighting the initiatives of the Department in the field of E-Governance, the Finance Minister said that 97% of the income tax returns were filed electronically this year, out of which 92% returns were processed within 60 days and 90% refunds were also issued within 60 days. The Finance Minister further said that the Income Tax Department also introduced Grievance Redressal System- E-Nivaran which integrated all the online and paper grievances and tracks them till their resolution. Every grievance is acknowledged and resolution is intimated through email and SMS. The Finance Minister said that 84% of 4.65 lakh E-Nivaran grievances have been resolved so far.

The Finance Minister, Shri Jaitley said through E-Sahyog, all cases of information mismatch are handled in non-intrusive manner to avoid full investigation. The Finance Minister further added that about 1.9 core salaried tax payers are being informed every quarter by the Income Tax Department of the amount of TDS deposited by their employers. The

¹ Available at: <http://pib.gov.in/newsite/erelease.aspx>

Finance Minister Shri Jaitley said that all these E-governance initiatives of the Department have helped in having minimum direct interface between the tax assessing authorities and the assesses which in turn helped in minimizing harassment, curbing the menace of corruption and time saving among others.

The Union Finance Minister Shri Arun Jaitley also highlighted the initiatives of the Income Tax Department as far as Ease of Doing Business and promoting Financial Markets are concerned. In this regard, he specifically mentioned about introduction of Presumptive Taxation Scheme for Professionals having income up to Rs. 50 lakhs. Similarly, threshold for Presumptive Taxation Scheme for business income raised from Rs. 1 crore to Rs. 2 crore and companies located in International Financial Services Centre (IFSC) have been exempted from Dividend Distribution Tax and to pay MAT @ 9% only.

The Finance Minister informed that India has entered into Foreign Collaboration with 148 countries as far as Exchange of Information for tax matters is concerned and with 39 countries for criminal matters. He said that changes in the Double Taxation Avoidance Agreements (DTAAs) with Mauritius and Singapore have been incorporated to allow for source based taxation of capital gains on shares and interest income of banks.

As far as the drive against black money is concerned, the Income-tax Department has taken various initiatives since the present Government came to power. In this regard, the Finance Minister mentioned about the enactment of the Black Money Act, 2015, Comprehensive Amendments to the Benami Act 1988 and Operation Clean Money among others. The Finance Minister said that after the intense follow-up of demonetization data from 9th November 2016 to 10th January, 2017, about 1100 searches were made resulting into seizure of Rs. 610 crore including cash of Rs. 513 crore. He said that undisclosed income of Rs. 5400 crore was detected and about 400 cases have been referred to ED and CBI for an appropriate action.

In order to promote less cash economy and digital transactions, the Finance Minister said that the Income Tax Department took various initiatives including penalty for cash receipt of Rs. 2 lakh or more, limit of cash donation to charitable trusts reduced from Rs. 10,000/- to Rs. 2000/- and no cash donations of Rs. 2000/- or more to political parties.

Highlighting the impact of demonetization and the proactive initiatives of the Income Tax Department, the Finance Minister said that the revenue collections in case of direct taxes rose to Rs. 8,49, 818 crore during the Financial Year 2016-17 at a growth rate of 14.5 per cent. The Finance Minister further said that net collections up to 18th September, 2017 in the Current Financial Year 2017-18 rose to Rs. 3.7 lakh crore with a growth of 15.7%. He said that the number of tax payers increased significantly from 4.72 crore in financial year 2012-13 to 6.26 crore during the Financial Year 2016-17.

Earlier, the Chairman CBDT, Shri Sushil Chandra made a presentation about the initiatives of the Income Tax Department before the Committee.

Participating in the discussions, the various members of the Consultative Committee gave various suggestions in order to improve both the revenue collections and the overall performance of the Department. The members congratulated the Finance Minister for making historical tax reforms both in case of direct and indirect taxes. Some of the members suggested that some more incentives be given to the new tax payers so that more and more people are encouraged to file tax returns and pay due taxes which in turn would help in widening the tax base. They appreciated the initiatives of the Department to reduce the tax rate from 10% to 5% in case of individual tax payers having income of Rs. 2.5 lakh to Rs. 5 lakh per annum. Some members also suggested for reducing the tax slabs in order to give incentive to the people to pay their due taxes. They appreciated the initiatives of the Income Tax Department for issuing Appreciation Letters to the honest tax payers. Some of the members suggested reducing the banking or transaction charges in order to promote digital transactions. They said that only by reducing or waiving off these charges more and

more people will be encouraged to go for digital transactions. The members also suggested that more time be given to the people living in those areas where there is either frequent power failures or having no internet facilities to file their returns. Some of the members also suggested that more searches may be conducted against the black money holders as still many people are transacting in black money.

Along with the Union Finance Minister, Shri Arun Jaitley, the meeting was also attended among others by Shri S.P. Shukla, Minister of State for Finance, Finance Secretary, Shri Ashok Lavasa, Revenue Secretary, Dr. Hasmukh Adhia, Secretary, DIPAM, Shri Neeraj Kumar Gupta, Secretary, Department of Economic Affairs (DEA), Shri S.C. Garg, Chief Economic Adviser (CEA) Dr. Arvind Subramanian, Chairman, CBDT, Shri Sushil Chandra and other senior officers of the Ministry of Finance.

The Members of the Consultative Committee who participated in the Meeting include Shri Anirudhan Sampath, Shri Jayanta Jai Panda, Shri J. Jayasingh Thyagraj Natterjee, Shri Kalikesh Narayan Singh Deo, Shri Pratapsinh Chauhan, Shri Ram Charitra Nishad, Shri, S.P.Y. Reddy, Shri Sharad Kumar Maruti Bansode, Shri Subhash Chandra Baheria, Dr. Udit Raj and Shri Yerram Venkata Subareddy (all Members of Lok Sabha); Shri Anil Desai, Shri N. Gokulakrishnan, Shri Rajeev Chandrasekhar, Shri Sanjay Seth and Kumari Selja (all Members of Rajya Sabha) .

PERMISSION TO DISPLAY REVISED MRP DUE TO IMPLEMENTATION OF GST EXTENDS UP TO 31ST DECEMBER, 2017: SHRI RAM VILAS PASWAN²

On account of implementation of GST w.e.f. July 1, 2017, there may be instances where the retail sale price of a pre-packaged commodity is required to be changed. In this context, Hon'ble Minister for Consumer Affairs, Food & Public Distribution had allowed the manufacturers or packers or importers of pre-packaged commodities to declare the revised retail sale price (MRP) in addition to the existing retail sale price (MRP), for three months w.e.f. July 1, 2017 to September 30, 2017. Declaration of the changed retail sale price (MRP) was allowed to be made by way of stamping or putting sticker or online printing, as the case may be.

Use of unexhausted packaging material/wrapper was also been allowed upto September 30, 2017 after making the necessary corrections.

Considering the requests received to extend the permission for some more time it has been extended to display the revised MRP due to implementation of GST by way of stamping or putting sticker or online printing for a further period of three months, i.e. up to December 31, 2017.

PARTICIPATION OF FOREIGN PORTFOLIO INVESTORS (FPIS) IN COMMODITY DERIVATIVES IN IFSC³

1. SEBI (International Financial Services Centres) Guidelines, 2015 were issued on March 27, 2015. Subsequently, vide circular CIR/MRD/DSA/41/2016 dated March 17, 2016, SEBI has specified that 'Commodity Derivatives' shall be eligible as securities for trading and the stock exchanges operating in IFSC may permit dealing in commodity derivatives.
2. In this regard, based on the representations received from the exchanges operating in IFSC and after consultations with Government of India and RBI, it has been decided that FPIs shall be permitted to participate in commodity derivatives contracts traded in stock exchanges in IFSC subject to following conditions:-

² Available at: <http://pib.gov.in/newsite/erelease.aspx>

³ Available at: http://www.sebi.gov.in/legal/circulars/sep-2017/participation-of-foreign-portfolio-investors-fpis-in-commodity-derivatives-in-ifsc_36081.html

- 2.1. The participation would be limited to the derivatives contracts in non-agricultural commodities only.
- 2.2. Contracts would be cash settled on the settlement price determined on overseas exchanges.
- 2.3. All the transactions shall be denominated in foreign currency only.
3. The provisions of this circular shall come into effect from the date of this Circular.
4. The Exchanges are advised to:
 - I. Take steps to make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the same.
 - II. Bring the provisions of this circular to the notice of the members of the Exchange and also to disseminate the same on their website.
5. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
6. This circular is available on SEBI website at www.sebi.gov.in under the category "Circulars", "Info for Commodity Derivatives"

Team ICSI

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